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TRADE IN THE BLUE-GRASS REGION, 1810-1820¹

In the north central section of Kentucky, in a territory drained by the branches of the Kentucky and Licking rivers, is the so-called Blue-Grass of the state. Stretching from the Ohio river to the foot hills of the Alleghenies, this region contains about one-seventh the area of the state, an area of peculiarly fertile, productive land. It is today tapped by railroads coming from every direction, but was a century and a quarter ago dependent on one slender line of communication, the Wilderness Trail, which offered a difficult and dangerous route to the immigrant and traveler. Yet over this trace, available at that time only to the pack horse or pedestrian, immigrants attracted by the fertility of the soil came in such numbers that in 1792 Kentucky was able to claim and secure admission as a state.² So rapid had been the development that, in the period from the first settlement in 1774 to 1790, Kentucky had attained a population of 73,000; and the Blue-Grass state had developed as an island of civilization in the wilderness.

The fact that the eastern end of the trail tapped the comparatively densely populated regions of Virginia and North Carolina was significant in the social and political development of the region, for it was immigrants from these states or their descendants who dominated the affairs of the state in the first decades of the nineteenth century. The character of its first settlers, its soil and location, all combined to give the Blue-Grass certain definite characteristics, and from the beginning it possessed an individuality that marked it and set it apart from other regions. Socially, politically, and economically this earliest of frontier communities west of the Alleghenies was unlike other frontier regions, and its reactions towards the problems of the period were not always the reactions of the typical frontier community.

Peculiarly important for historical consideration were the re-

¹ Read at the annual meeting of the Mississippi valley historical association in St. Paul, May 10, 1918.

² Nathaniel S. Shaler, *Kentucky, a pioneer commonwealth* (Boston, 1885), 121.

actions of the Blue-Grass in the first part of the nineteenth century; its thoughts and acts determined or at least gave fundamental direction to Kentucky's policies, for at that period the Blue-Grass, much more definitely than today, dominated the political and social thinking of the state.

Economic pressure, expressed in terms of land hunger, was the prevailing motive back of the settlement of Kentucky, and it was economic conditions that largely determined the political thinking of the region. A study of these economic conditions may afford a clearer understanding of the direction of Kentucky's politics in the period that ended in the civil war, and may even explain some of the basic causes for Kentucky's neutrality during the early part of the struggle. Certainly an intensive study of this region in 1800-1820 makes more definite our understanding of Henry Clay; and the quality of Clay's statesmanship or the character of his opportunism may be better appreciated through a study of the economic conditions of this early period.

The Clays, Breckinridges, Shelbys, and other leaders had reached the Blue-Grass over the long and difficult Wilderness Trail, and this first-hand knowledge of the thin and uncertain line of communication with the east gave them a very real and vital interest in transportation. As early as 1793 the Lexington club had resolved that those living on the Mississippi had the undeniable right to navigate its waters, and that the United States ought to demand this right of Spain.³ This demand for the navigation of the Mississippi furnished fruitful soil for political agitation and ultimately led to the Louisiana purchase in 1803. In the meantime, however, the inhabitants of the Blue-Grass were interested in other projects.⁴ The feasibility of an overland road and the attachment to the mother state, Virginia, kept alive interest in the Wilderness Trail, and in the early nineties private subscriptions were raised to improve the trail. In 1795 the state appropriated two thousand pounds to convert it into a wagon road—an amount woefully inadequate for the purpose. There were not sufficient funds or credit in the community to improve this route adequately, and even after 1795 the constant stream of immigrants traveled largely without vehicles—on

³ *Ibid.*, 128.

⁴ *Ibid.*, 132 ff.

horseback or afoot. Many merchants followed the old trace, for, though the bulky exports found their way down the Mississippi, the less bulky imports came in often by pack horse through the wilderness, and Spanish dollars given in exchange for Kentucky tobacco at New Orleans found their way to the exporters of Richmond, Baltimore, and Philadelphia. Distances were so great and the difficulties of transportation so numerous that prices on imports were exorbitant, while the cost of transportation absorbed most of the profits on the bulky exported commodities. The balance of trade seemed always against the Kentuckian, hence there grew up an insistent demand for the development of local manufactures. In 1789 an association was formed by the inhabitants of the Blue-Grass to discourage the use of rum, brandy, gauze, silk, lace, and broadcloth;⁵ and in 1790 the Kentucky society for the encouragement of manufactures met at Danville and sent the first dues collected to Philadelphia to procure spinning and carding machines and stocking looms.⁶ These efforts soon bore fruit, and by 1800 there had already appeared in the pages of the *Kentucky Gazette* advertisements of home-manufactured hats,⁷ clothing, paper,⁸ leather,⁹ and spinning-wheels.¹⁰ Though somewhat removed from the supply of coal and iron, the Blue-Grass was interested in the manufacture of ironware, and in 1802 one Ed West, of Lexington, invented a successful nail-cutting machine. The manufacturing establishments set up in Lexington and other Blue-Grass towns were usually small, local concerns that employed but few people and had a very limited output. The bulk of manufactured goods still came from the outside, and in 1802 it was estimated that England contributed seventy per cent of the goods used in this section of Kentucky.¹¹ This demand for English wares and other goods of finer quality than could be produced in the home manufactories was a heavy drain on the capital of a

⁵ *Kentucky Gazette*, August 29, 1789.

⁶ *Ibid.*, February 13, 1790.

⁷ *Ibid.*, January 26, 1788.

⁸ *Ibid.*, September 22, 1787.

⁹ *Ibid.*, October 6, 1787.

¹⁰ *Ibid.*, September 1, 1787.

¹¹ *Ibid.*, September 10, 1802. Much of the goods included the finer materials such as velvets, moreens, silks, and other goods that could not be produced in Kentucky.

frontier community, and there was constant agitation against it. Henry Clay, who had already attained a place as a political leader in the Blue-Grass, in 1809 presented a resolution to the state assembly that after June 20, 1809, the members of the assembly should, as an example to others, wear home-made apparel.¹² In 1810 merchants and manufacturers held a meeting in Lexington to consider the propriety of writing a memorial to congress in behalf of the protection of domestic manufactures,¹³ and in the same year the editor of the *Gazette*, in a strong editorial, endorsed the protective policy, pointing out the mutual dependence of the laborer, the manufacturer, and the farmer.¹⁴ Again, in 1811 Lewis Saunders and one hundred and twelve others petitioned congress for the protection of manufactures. This communication, others of the same purport, and the editorial comment, indicated a considerable unanimity of opinion in the region that had Lexington as its center. In fact, this isolated frontier community seemed to be the first in the United States to give solid support to the idea of protection.

This almost unanimous insistence upon protection was due largely to the continued isolation of the Blue-Grass and the realization that real prosperity must come either through a decrease in the cost of transportation or through the development of home industry. Clay was already appearing as the champion of his section, and the germ of the American system appears in his speeches in congress in 1811 and 1812, advocating internal improvements and the protection of home industry.¹⁵ Representative Porter of Kentucky gave expression to the desires of his region, when he called attention to trade conditions and indicated that the great evil from which the people of the west suffered was want of a market. In his speech in congress he declared that "the single circumstance of the want of a market is already beginning to produce the most disastrous effect, not only on industry, but on the morals of the inhabitants. Such is the fertility of their land that one-half of their time spent in labor is sufficient to produce every article which their farms are

¹² *Ibid.*, January 24, 1809.

¹³ *Ibid.*, September 25, 1810.

¹⁴ *Ibid.*, September 18, 1810.

¹⁵ Carl Schurz, *Life of Henry Clay* (New York, 1887), 1:53 ff. Clay did not at this time favor the national bank.

capable of yielding, in sufficient quantity for their own consumption, and there is nothing to incite them to produce more. They are, therefore, naturally led to spend the other part of their time in idleness and dissipation.”¹⁶

This speech suggests the real problem for the Blue-Grass, as well as for the west in general, the problem of transportation. In 1810 the Wilderness Trail was still used by people traveling eastward, and specie was carried over this route because of its greater safety; but in the transportation of commodities the river system was used as extensively as possible. The bulky products of the Blue-Grass were floated down to New Orleans on flatboats, while imports came overland from Philadelphia or Baltimore to Pittsburg and from thence were carried down the Ohio to Maysville on the northeastern edge of the Blue-Grass. The goods were then carried overland from Maysville to Lexington, the distributing center for the Blue-Grass. The interior rivers, like the Kentucky, Licking, and their branches, were not used in the import trade in 1810 because artificial means to stem their current had not yet been introduced; but export goods were floated down their courses and at the mouths of various rivers depots were established to handle this trade.

Lexington as a distributing center in 1810 carried on the import trade of the region, and retail merchants did a thriving business; some of them in the fall and winter did a business estimated at one hundred thousand dollars a month. Due to the cost of transportation and lack of competition, prices for imported goods were necessarily high; this cost could not be offset by the prices exacted for domestic goods, for, again, the cost of getting bulky farm products to a market allowed only a very small margin of profit above the cost of production. The only article that could be sent east and still bear a profit was ginseng; the cost of transporting other goods to New Orleans added from fifty to one hundred per cent to the price.¹⁷

The cost of transportation from the east to the Blue-Grass was estimated at \$65 a ton; an average of \$10,000 was spent every day in bringing goods over the mountains, an expense that

¹⁶ *Annals of congress*, 1810, 2:1385.

¹⁷ As late as 1815 even the mail deliveries were irregular and uncertain. See complaints in *Kentucky Gazette*, March 13, 27, 1815.

increased the cost of commodities by at least one-third. The danger of loss or destruction to goods was by no means a small one, and this risk was visited upon the consumer in the shape of high prices.¹⁸ The existence of this unfavorable balance of trade resulted in the expansion of local industries, and Lexington developed into a manufacturing as well as a distributing center. Establishments employing two or three men were expanded into factories employing fifty men or more, and their products were sent to all sections of central Kentucky and north central Tennessee.¹⁹ Louisville, Cincinnati, and even Pittsburg were using Lexington-produced nails as late as 1815.²⁰ Cuming, Melish, and other travelers of the period commented on the remarkable development of Lexington, and it was hailed as the coming metropolis of the west. In fact, in 1816 Lexington attained recognition as the leading city in the trans-Allegheny country, when *Niles' Register* referred to it as the "metropolis of the West, where town lots sell nearly as high as in Boston, New York and Philadelphia." The same paper in the following year noted in the city the existence of six steam factories of considerable size, and commented on its thriving industries.²¹ The industrial development of Lexington had reached its crest, however, and factories with a capitalization of two and a half millions were producing more manufactured goods than the Lexington of today.

During the same period the Blue-Grass, with Lexington as the center, was the dominant political section; and policies were settled by the leaders of this region. The constant demand of central Kentucky was protection of home industry, and *Niles' Register* was no more insistent on this policy than was the *Kentucky Gazette*. The embargo was hailed and defended as a most desirable protective measure, and Kentucky's politicians were supported or condemned in accordance with their vote for or against it.²² When the measure failed, the protective tariff

¹⁸ See prices of goods at Lexington, *Kentucky Gazette*, May 16, 1809. Bacon per pound, 6 to 8 cents, beef per pound, 4 to 8 cents, butter per pound, 12 cents, corn per barrel, 25 to 37 cents, flour per hundred weight, \$2.00 to \$4.00, fowls per pair, 8 to 25 cents, whiskey per gallon, 25 to 37 cents.

¹⁹ See advertisements in *Kentucky Gazette* for 1810-1811.

²⁰ Shaler, *Kentucky*, 175.

²¹ *Niles' Register*, June 15, 1816.

²² *Kentucky Gazette*, July 17, 1813.

and internal improvements were championed; and every public meeting in the Blue-Grass of this period was featured by toasts to protection and internal improvements.²³ New England was especially denounced for its attitude towards the embargo and the tariff,²⁴ and even other sections of Kentucky came in for some share of criticism. In reply there were strong denunciations of the Lexington junto and its attempt to influence the whole state, and the editor of the *Gazette* complained that "Lexington dictation" and "Lexington influence" had become the cant phrases of the political backslider.²⁵ In Kentucky the chief rival of Lexington was the rapidly developing river town of Louisville, and in 1816 these cities engaged in a struggle for the United States bank then located at Lexington. Lexington was able to maintain its claim to the bank against this presumptuous rival, designated by the editor of the *Gazette* "a city of ponds," with little manufacturing, and occupied chiefly with carrying goods around the falls for strangers.²⁶

It was this very location at the falls which gave Louisville a strategic position when the steamboat traffic developed. In August, 1815, the *Gazette* gave an account of the first steamboat trip from Pittsburg to New Orleans and return,²⁷ and in the same year Governor Shelby of Kentucky mentioned the need for internal improvements and called attention to the recent experiments in steamboat traffic.²⁸ By 1816 the ultimate success of the steamboat on western waters was assured; boats were building at five or six points along the Ohio, and at Cincinnati a company had already been formed for the joint purpose of establishing a steamship line and engaging in trade.²⁹ It was estimated that carriage by steamboat would reduce the cost of transportation fifty per cent,³⁰ and this would naturally redound tremendously

²³ *Ibid.*, 1814-1820.

²⁴ *Ibid.*, May 9, 1814.

²⁵ *Ibid.*, January 17, 1814.

²⁶ *Ibid.*, August 19, 1816.

²⁷ *Ibid.*, August 7, 1815.

²⁸ *Ibid.*, December 11, 1815.

²⁹ *Ibid.*

³⁰ In the *Gazette* of September 18, 1815, it was advocated that all goods be imported from New Orleans because the balance of trade would be better maintained and freight charges would be less. It was estimated that merchants paid an average of \$10 per 100 pounds for transportation of goods from the east.

to the advantage of river towns. Even the most ardent supporter of the Blue-Grass could not fail to recognize the situation, when he found that tobacco which brought \$4.00 per hundredweight at Lexington brought \$6.00 at Louisville,³¹ the \$2.00 margin representing a cost for transportation greater than the cost for shipment by steamboat from Louisville to New Orleans. The failure of the Blue-Grass adherents to secure permanent improvements in the Kentucky river and the slow development of the turnpike road³² allowed the great bulk of trade and manufacturing to swing definitely away from the region. But the ideal of commercial and industrial supremacy still lingered with its leaders. The protective tariff and internal improvements were still the prevailing toasts at all gatherings;³³ members of the legislature were asked to clothe themselves in home-produced goods,³⁴ and bills were presented for the development of turnpikes and improvement of rivers.³⁵

In the meantime the Ohio traffic had developed apace, the Louisville correspondence of May 8, 1818, noting five steamboats en route up or down the river;³⁶ in the same year seven boats were in course of construction in the Louisville yards, and there was corresponding activity all along the Ohio.³⁷ As the tide of river traffic swelled, the position of the Blue-Grass trader and manufacturer became increasingly difficult. Tobacco buyers labored to prove that it was cheaper to handle tobacco by way of Lexington than to send it direct to Louisville;³⁸ and it was argued that it was cheaper to convert wheat into flour at Lexington than to ship it direct to Louisville where it could be ground for the southern or eastern market.³⁹

But neither sectional enthusiasm nor personal desire could change the course of the Ohio or alter economic law, and Lexington and the Blue-Grass had to accept the inevitable. By

³¹ *Ibid.*, March 27, 1818.

³² Lexington was connected by stage with Louisville and Maysville by 1818, but the service was intermittent. See *ibid.*, March 27, 1818.

³³ *Ibid.*, January 13, 1817, May 28, 1818.

³⁴ *Ibid.*, July 16, 1817.

³⁵ *Ibid.*, December 27, 1817.

³⁶ *Ibid.*, May 8, 1818.

³⁷ *Ibid.*, October 25, 1818.

³⁸ *Ibid.*, March 17, 1817.

³⁹ *Ibid.*, December 16, 1816.

June, 1818, many of the advertisements of local manufactories had disappeared from the *Gazette*, and the evidence indicates that others were making a last spasmodic effort to survive. In February, 1818, the important Saunders woolen company hoped to rehabilitate itself by reorganizing with a capital of \$300,000,⁴⁰ but the attempt was vain, and in 1819 this factory with a physical valuation of \$150,000 was sold at auction for \$21,000 to satisfy a debt.⁴¹ A cotton factory at Versailles in the Blue-Grass suspended operations and was advertised for sale or rent.⁴² Cotton bagging factories numbering eight in 1817 decreased to one in 1820, and virtually all advertisements of local manufactories disappeared from the pages of the *Gazette* by 1820. Thus a community that in 1815 boasted of brass and iron foundries,⁴³ woolen,⁴⁴ cotton, and paper mills,⁴⁵ and even a piano-forte manufactory,⁴⁶ was practically divested of them by 1820,⁴⁷ and even the hemp and woolen mills dependent on local raw materials failed.⁴⁸

To complete the ruin wrought in the Blue-Grass industrial and commercial interests, the monetary difficulties of the period culminated with the panic of 1819, and the ensuing economic depression affected the social and political thinking of the whole state. Depreciated currency flooded the community, banks suspended, and business was so thoroughly disturbed that the manufacturing institutions that still maintained a precarious existence were forced to discontinue.⁴⁹

Even in the face of difficulty and disaster the people of the Blue-Grass clung to their old policies. In a celebration of the fourth of July for 1819, the toast was, "Hard times: Economy, the encouragement of domestic manufactures and home labor

⁴⁰ *Ibid.*, February 7, 1818.

⁴¹ *Ibid.*, May 7, 1819.

⁴² *Ibid.*, June 11, 1819.

⁴³ *Ibid.*, December 19, 1814.

⁴⁴ *Ibid.*, September 18, 1810, November 29, 1817.

⁴⁵ *Ibid.*, September 9, 1816.

⁴⁶ *Ibid.*, September 24, 1805, December 2, 1816.

⁴⁷ Other manufactories in 1815 included a chair factory, white lead factory, and flour mills.

⁴⁸ *Ibid.*, August 17, 1820. At this time one company, the Prentiss woolen company, was still in existence.

⁴⁹ George W. Rauck, *History of Lexington, Kentucky* (Cincinnati, 1872), 297.

the best cure.”⁵⁰ Home manufactured articles to supplant the expensive imported goods were insistently and enthusiastically advocated. Ladies’ hats made of local grass were commended as equal in every respect to the finest Leghorn, on which the women of the region were said to spend \$1,000,000 a year; buckeye nuts were recommended for starch making, and roasted barley was suggested as a substitute for coffee.⁵¹ The cost of transportation to Lexington kept prices of imports at an exorbitant figure, while exports were abnormally low in price. As against the price of tea at \$3.00, coffee 74 cents, and sugar 37 cents a pound, can be placed the value of Blue-Grass corn and wheat at twelve and one-half cents and thirty-seven and one-half cents per bushel respectively.⁵² The shift in trade and the consequent loss of commercial and manufacturing opportunities left a permanent impress upon the Blue-Grass. By 1820 Cincinnati had attained a population four times that of Lexington,⁵³ while Louisville had outstripped her in industry and commerce.⁵⁴ Lexington was henceforth only a local distributing center and the metropolis of the Blue-Grass.

The success of the steamboat did much to determine the lines of travel and the direction of social and economic forces for the future. The Wilderness Trail, though occasionally utilized, fell more and more into disuse. The trail of the immigrant was now down the Ohio; and the settlers, many of them from the north Atlantic seaboard, brought with them ministers, teachers, and other leaders representing a different culture from that of Virginia or Carolina. The rich lands of the Blue-Grass were already occupied, and so the immigrant farmer turned his attention to the north and west; but many of the intellectual leaders, carried along with the westward movement, were attracted by the social and intellectual standards of the community and sought places in the Blue-Grass.

The two great educational influences of Kentucky, Transylvania university and Centre college, were largely directed by

⁵⁰ *Kentucky Gazette*, July 16, 1819.

⁵¹ *Ibid.*, November 10, 1818.

⁵² Rauck, *History of Lexington*, 297. Other prices in 1819 were: pork per hundred weight, \$1.25, eggs per dozen, 3 cents, butter per pound, 6 cents, milch cows each \$7 to \$10.

⁵³ *Ibid.*, 241.

⁵⁴ Louisville manufactures developed rapidly after 1818.

presidents recruited from the northern states, men who in some cases, like President John C. Young of Centre college, became active champions of the gradual abolition movement. Certainly the attitude of such leaders, aligned as they were with some of the leading families of the Blue-Grass, affected the political thinking of the region; and if the change in the tide of immigration brought in new intellectual influences, it implied economic changes as well. The extension of the canal system in New York and Pennsylvania strengthened the trade relations with the north, and Cincinnati became the depot for goods bound to or from central Kentucky. When the railroad appeared, lines of communication and distributing centers had been well established, and it showed a tendency to follow lines of trade already laid down. The attempts of the "cotton south" to build up a competing traffic with Kentucky were largely abortive.

The traditions and social institutions of Kentucky were still those of the south, but the new intellectual and economic interests were aligned with the north, and the newer influences proved the stronger. The geographical isolation of the Blue-Grass from other proslavery territory does not tell the whole story, for the political leadership of the section was still potent enough to have swung the state into line with the south, if its people had been whole-heartedly in support of such a measure. Economic necessity and the new intellectual influences played no unimportant part in the final decision, for by 1860 those forces, just emerging in 1820, were important factors in determining the political action of the state.

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